



EASTERN CAPE

BUDGET SPEECH

2025/26



Province of the
EASTERN CAPE
PROVINCIAL TREASURY



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Mr. Mlungisi Mvoko
MEC of Finance

BUDGET SPEECH

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Departmental Details Physical Address:

Tyamzashe Building
Phalo Avenue
Bhisho
5605

Postal Address:

Eastern Cape Provincial Treasury
Private Bag X0029
Bhisho
5605

Ms Nomawethu Skoti-Mawonga
Tel: (040) 101 0157
Email: nomawethu.skoti@ectreasury.gov.za

Honourable Speaker

Honourable Premier

Members of the Executive Council

**Deputy Speaker and Members of the Provincial
Legislature**

**Leaders of Provincial House and Local Houses of
Traditional and**

Khoisan Leadership

**Mayors of our Municipalities and leadership of
Salga**

**Leaders of Political Parties, Religious Leaders,
Business Leaders,**

Leaders of Civil Society and Labour

**Director General, Heads of Departments, CEOs
and other Government Officials**

Esteemed Guests

Good morning, Goeie More, Molweni.

INTRODUCTION

This is the first budget of the 7th administration. It is a budget that gives appreciation to and acknowledges the developmental vision of the Provincial Development Plan and the Provincial Medium Term Development Plan. Accordingly, all efforts put into this budget are aimed at supporting priorities of the current government as presented by President Ramaphosa, which are **inclusive economy and jobs creation, reducing poverty and tackling high cost of living, and developing a capable, ethical and developmental state**.

The Eastern Cape programme of action has been laid by Eastern Cape Premier Oscar Mabuyane during his State of the Province Address, and we are here to present budget proposals that support provincial policy priorities.

I must highlight, Honourable Speaker, that the 2025 Medium Term Expenditure Framework is rooted on a cluster system as adopted by provincial government and is therefore underpinned by the work of the three clusters, with greater focus on coordination and integration in planning and service delivery.

ECONOMIC OUTLOOK

Madam Speaker, we forge ahead with our plans despite the challenge of an economy that is not growing enough to fully support our priorities.

National Treasury is forecasting real GDP growth at 1.9 per cent for 2025. This is higher than the 1.7 per cent growth estimated during the 2024 Medium Term Budget Policy Statement. Over the medium term, however, growth is forecast to average 1.8 per cent.

The growth trends of the provincial economy broadly follow the national trends. The province has experienced extended low growth periods during the decade prior to the onset of Covid 19 in 2020. Following the recovery in 2022, provincial economic growth reverted to a low growth path growing by 0.8 and 0.4 per cent in 2023 and 2024 respectively. Despite the low growth of the past two years, the provincial economy is expected to marginally recover and grow to 2% in 2025 and projected to average 2.2 per cent for the medium-term up to 2027.

Madam Speaker, we have, however, observed positive trends in employment performance in some of our economic sectors. The Trade sector, a key driver of employment in the province, recorded consistent expansion, an increase from 284,000 jobs in Quarter 4 of 2023 to 295,000 in Quarter 4 of 2024. The Transport Sector also recorded steady gains, reaching 101,000 jobs, reflecting increased economic activity and logistics demand.

The Construction industry, a key employer in the province, has remained relatively stable, recording 126,000 jobs in Quarter 4 of 2024, almost matching its Quarter 4 of 2023 performance. This suggests that our ongoing infrastructure projects and government capital investments continue to generate positive results for employment.

Manufacturing, a sector critical for industrial growth, expanded significantly, increasing from 105,000 jobs in Quarter 4 2023 to 139,000 in Quarter 4 of 2024. This resurgence highlights renewed confidence in production, possibly linked to investment incentives and supply chain improvements.

The Agriculture Sector recorded a rise in employment to a high of 124,000 in Quarter 3 of 2024, before dropping to 90,000 in Quarter 4 of 2024, reflecting seasonal employment patterns.

Similarly, the Private Household sector saw a notable increase from 94,000 in Quarter 4 of 2023 to 113,000 in Quarter 4 of 2024, highlighting growing demand for household services.

Madam Speaker, the Eastern Cape's labour market has demonstrated resilience and progress over the past year, reflecting steady improvements in employment levels. As of Quarter 4 of 2024, the province's unemployment rate has declined to 36.6%, a significant improvement from 41.9% in Q4 of 2023. This positive trend signals a strong labour market, bolstered by resilience in some sectors of the provincial economy, although I must admit that these numbers are still very high.

FISCAL STRATEGY AND OUTLOOK

Honourable Speaker, we are tabling this year's budget under the theme, **"Inclusive Growth and Development Through Government Allocative Efficacy"**. In short, this means allocating fiscal resources to achieve maximum impact in development to last rand spent.

As we were preparing for this day, we asked the public to send us tips for budget through our social media pages, so we can consider them as part of our priority areas. I wish to thank everyone who participated; your valuable inputs are appreciated, and they have been considered into today's budget speech.

Honourable Speaker, the current fiscal environment requires all those that are entrusted with the responsibility of managing public resources to do so with prudence, placing efficiency and effectiveness at core of their values.

For the 2025 MTEF budget, there will be no additional resources to departments, instead we encourage everyone to identify alternative sources of funding to augment the provincial fiscus. These include reprioritisation and trade-offs within and between clusters, top-slicing of provincial departments budgets, pledging of conditional grants, donor funding, Public-Private Partnerships and increased focus on revenue generation.

The broader fiscal strategy of government remains focused on fiscal sustainability, supporting the economy and reducing fiscal risks.

To support the strategy, our fiscal consolidation measures will include strengthening the rollout of spending reviews, the zero-based budgeting and baseline analysis on key government programmes. We will continue with the implementation of cost saving initiatives, including reviewing service delivery models and reprioritisation of funds from low to high priority areas.

We believe that all these measures, when supported correctly, will help us improve efficiencies and effectiveness in the system, and therefore promote inclusive economic growth and development in our province.

A budget tip from Ms. Sixolile Makhaba from Mt Fletcher, a recent graduate with master's degree in economics, perfectly summaries the importance of implementing the zero-based budget exercise. She says, "Zero-based budgeting is a financial strategy that requires every expense to be justified for each period. This approach ensures that all resources are allocated efficiently, promoting accountability and strategic planning." I can't put it any better. We started with this exercise in 2021 and we are seeing positive results.

Madam Speaker, for 2025/26 financial year, we have received transfers from national government totalling R97.6 billion, consisting of R82.4 billion of equitable share and R15.2 billion of conditional grants. It will grow to R100.1 billion in 2026/27 and to R104.6 billion in 2027/28 financial year.

Total payments for the province for 2025/26 amount to R100 billion, leaving the province with a budget deficit of R2.3 billion. We have considered to utilise the R1.8 billion of Provincial Own Revenue and R506.8 million from own reserves to cushion the deficit.

It has become a norm that we use Own Provincial Revenue and own reserves as means to address budget deficit as opposed to using it to fund provincial priorities. I must add that we received requests for additional funding from departments amounting to billions of rands, but we couldn't fund those requests because of the country's fiscal realities. This picture illustrates three important points – one, that there is no new money – two, that we must stick to the fiscal consolidation measures we have presented to balance revenue and expenditure – and three, that we must improve efficiencies so we can expand our fiscal resources to fund our inclusive economic growth projects.

A key source to supplementing our national transfers to expand our fiscal resources is revenue generation. It is an area where the province has struggled to reach its full potential in line with the revenue study recommendations. Our revenue generation strategy is however receiving attention from the Provincial Project Support Unit (PPSU) at the Office of the Premier (OTP), which includes Provincial Treasury and Chief Financial Officers. The PPSU workgroups give support to departments which include the review of organograms in key revenue departments, the electronic systems, and the broadband connectivity. The efficient revenue collection requires improvements in Information and Communication Technology (ICT) connectivity and

infrastructure to be in place. We believe that will further enhance the provincial revenue efforts, particularly at the Department of Health for electronic billing and the collection from medical funders as well as at the Department of Transport with the electronic motor vehicle license fees.

The support extends to the maintenance of government residential properties and to make properties more attractive to the market among others. Key departments that are receiving support from the PPSU are the Department of Public Works and Infrastructure, the Department of Health, the Department of Transport and the Department of Economic Development, Environmental Affairs and Tourism.

THE 2025 MTEF BUDGET ALLOCATIONS

Honourable Speaker, given the profile of our province, this budget places the poor and vulnerable at the core of service delivery. As such, the Social Protection, Community and Human Development cluster is allocated an amount of R79.4 billion in 2025/26 and R254.7 billion over the MTEF. The Economic Sector, Investment, Employment and Infrastructure Development cluster has been allocated an amount of R16.4 billion in 2025/26 and R49.7 billion over the MTEF. Lastly, the Governance, State Capacity and Institutional Development cluster has been allocated an amount of R3.2 billion in 2025/26 and just over R9.6 billion over the MTEF.

INCLUSIVE ECONOMIC GROWTH AND JOBS CREATION

Honourable Speaker, for our economy to grow and create more employment opportunities, it is critical that we create an environment that is conducive to private investment, continue to invest in public infrastructure and support business. This approach will not only serve

to boost short-term employment but also enhance the country's productive capacity and overall competitiveness over the short to medium term.

Mr. Themba Moya from East London, another member of the public who sent us the budget tip, you will be happy to know that we have considered the issues you advised us to prioritise in order to grow the economy, including infrastructure and building an investor confidence. This tip is similar to that of Mr. Ayanda Mhlanti and may others who want to see our economy growing and creating jobs.

Creating a conducive environment for investment

Honourable Speaker, the sixth administration laid down a strong baseline of investment pledges of up to R200 billion, for the 7th administration to build on. These pledges are in various stages of realization.

To maintain this positive investment outlook and ensure declarations and commitments are implemented speedily, it is becoming ever more critical for government to also deliver on its end of the bargain. That means government being more committed and more credible in its efforts towards creating a conducive and business ready environment.

Through the Provincial Investment Council (PIC) and other provincial investment promoting agencies, additional focus will be placed on ensuring red tape and municipal bylaws do not hinder new investments and constrain growth and expansion of existing business. We must ensure that logistics infrastructure such as roads, rail, ports, and airports are improved and maintained at high quality standards with the support of the private sector through Public Private Partnership funding and concessions; and create open communication lines between government and business on trade and investment matters.

This is part of the economic reforms agenda to create a conducive environment for investors to invest or do business in the province.

Our Special Economic Zones (SEZs), the East London SEZ and Coega SEZ, have up to now proven to be essential industrial policy instruments to develop spatially localized clusters of economic activity driven by local and foreign direct investment. These clusters of economic activity have created new firms and facilitated transfer of technology and skills. To effectively deliver on their role, Special Economic Zones need to offer a range of packaged support to attract business investments within the zones. Current support measures funded by government within the zones comprises of exemptions from custom duties and regulations, tax incentives, provision of infrastructure including water, electricity, transport, land, buildings and top structures, and ICT connectivity.

Investing in Public Infrastructure

Honourable Speaker, infrastructure is an enabler for economic growth and job creation and is vital for investment promotion and attraction. It is for this reason that provincial government, with support from national government, continue to work towards improving our infrastructure such as roads, rail, ports, water and energy.

Our strategic partner in implementing our road infrastructure, SANRAL, has already invested up to R20 billion to improve the quality of our roads network, and this investment is expected to rise up to R56 billion by 2027.

The upgrading of the N2 Wild Coast is one of many priority projects that are being undertaken by SANRAL. More recently SANRAL has spent R2.2 billion in the construction of the N2 road section between Lingeni intersection and Msikaba bridge. The construction

of the Msikaba bridge is ongoing, and SANRAL expects that the construction of the bridge deck will be completed this year. They are also implementing package five of the N2 Wild Coast Project, which includes the construction of the road connecting Msikaba bridge and Mtentu bridge. The project is expected to be completed by 2027 and will cost around R2.5 billion.

The project has delivered significant socio-economic development multiplier effects in terms of inclusive economic growth, jobs creation and small contractor development, including investment attraction for the province.

The provincial government, through the Department of Transport, is also investing an amount of R2.2 billion in 2025/26 and R5.6 billion over the 2025 MTEF, to facilitate access to provincial economic and social amenities. The department will among other projects, continue with bridge maintenance, the Welisizwe bridge programme, the phased implementation of the Wild Coast Meander Route, and refurbishment of provincial road network. This funding will see the completion of R61 from St Barnabas Hospital to Hluleka Nature Reserve, the road from N2 to Sipetu Hospital, the road from the N2 to Ntabankulu in the Alfred Nzo District, the road from the N6 to Molteno in the Chris Hani District and a road from Humansdorp to Hankey in the Sarah Bartman District, amongst many.

New projects will include the rehabilitation of Ugie to Langeni Forest road, the upgrading of Quenera road and the upgrading of a 20-kilometer access road from N2 to R61 via Clarkebury.

Honourable Speaker, we welcome the Project Ukuvuselela, a national driven project, that is aimed at improving our rail capacity by three additional daily 50-wagon sets in the corridor between Gauteng and the Port of Port Elizabeth for automotive logistics. Private sector will

be leveraged to invest in the project and provide experience and expertise in facilitating freight rail of 150 000 fully built unit per annum by 2026 on the South Corridor. The project is expected to create 9500 indirect jobs and 2500 direct jobs in the province at an investment value of R8.4 billion. The project is at bankable feasibility stage. With the support of Infrastructure South Africa, the Infrastructure Fund, DBSA and IDC, Transnet has secured R2 billion from the Budget Facility for Infrastructure to improve rail and ports infrastructure.

The province, through the Department of Transport, is also facilitating and coordinating the revitalisation of several rail branch lines in the province, including the Amabele to Mthatha, Blaney to Cookhouse and Addo to Kirkwood.

Honourable Speaker, we are excited that Transnet National Port Terminals is currently upgrading and developing our ports as part of the National Ports Plan. Key projects under the plan are the expansion of the automotive and container terminals, the development of the gas import terminal in the Port of Ngqura, and the development of the manganese export terminal also in the Port of Ngqura. TNPA is expanding the automotive terminal which includes port sewer and water network infrastructure.

The replacement of the 2 Graving Dock Jib Cranes in the East London port will commence in 2025, and project closeout is expected in 2026. The other project that is progressing well in the East London Port is the rehabilitation of the Latimer's Landing in the Port of East London. Construction commenced in 2024, and the project is expected to be completed in 2026.

Honourable Speaker, we are observing good progress in our bulk water infrastructure projects. The Mzimvubu water project is one of the six mega infrastructure projects identified as priority by the

Eastern Cape provincial government. Around R8 billion will be used to build the Ntabelanga Dam in Eastern Cape for domestic use and irrigation. A contractor has been appointed by the Department of Water and Sanitation for the construction of the dam wall after initial project delays.

To improve water capacity and sewer infrastructure in Coega SEZ and in some parts of Nelson Mandela Bay Municipality, we have allocated an amount of R303.1 million in 2025/26 and R1.7 billion over the MTEF to Coega Development Corporation. This project is inclusive of bulk water and the sewer system to service all the investors located at the SEZ and also clients of the Nelson Mandela Bay Municipality.

Honourable Speaker, energy security is one of the provincial strategic projects to create sustainable and inclusive economic growth. Through the coordination work of the Eastern Cape government, three wind farm projects were facilitated for the construction phase in 2023, and this is expected to provide an additional 293 megawatts to the Eastern cape grid by 2025.

We are currently facilitating another process to build three additional wind farms that will add 547 megawatts to the provincial grid. About 1802 megawatts of wind and solar energy will be generated for the national grid. Eskom subsidiary (NTCSA) is planning high voltage powerlines in the province to increase connectivity to the grid thus promoting energy security and sustainability in the province.

Support to Social Infrastructure

Honourable Speaker, it is important to highlight that with our infrastructure budget, we allocated a significant portion for provision of social infrastructure.

In this regard, the Department of Education has been allocated an amount of R1.9 billion in 2025/26 and an amount of R5.9 billion over the MTEF. This investment is made available to build new school facilities and carry out maintenance, refurbishments and upgrades of existing schools. This includes building of new schools and new hostels.

For health infrastructure, we are setting aside an amount of R1.6 billion in 2025/26 and R4.9 billion over the MTEF. This funding will carry maintenance, upgrading and refurbishment of existing health facilities in the province.

Through this budget, we are supporting the modernisation and transformation of our hospitals, including accelerated delivery of oncology infrastructure to provide care for cancer patients. The Nelson Mandela Academic Hospital is one of the health facilities that will benefit from this programme.

For the Department of Human Settlements, we are allocating an amount of R1.5 billion in 2025/26 and R4.8 billion over the MTEF. The funds will go towards building 4970 housing units in the province.

Response to Disasters and Climate Change

Honourable Speaker, the province has been prone to a numerous incident of disasters, including heavy rains associated with flooding as well as strong winds, droughts and occasional heavy snow falls, resulting to loss of life and damage to infrastructure, properties and the environment.

To help us recover from these disasters, provincial government is setting aside an amount of R295.5 million in 2025/26 and R788.2 in the MTEF, which constitute 2% of infrastructure budget from departments. This is part of the money we are setting aside to plan for and respond to disasters and climate change effects. Lastly, as a contingency to deal with disasters and climate change, we have also ringfenced an amount of R60 million in our reserves.

Enhancing Reforms to Promote Infrastructure Delivery

Honourable Speaker, the government is enhancing reforms to promote effective delivery of infrastructure.

The targeted Infrastructure improvements will be driven through the reconfigured cluster system, taking cognisance of the emerging priorities of the seventh administration.

One of the key focus areas in planning is ensuring the existence of a robust project pipeline that is sound and bankable enough to secure alternative sources of funding. This will be aligned to the current proposed initiatives of National Treasury as they relate to alternative financing mechanisms and project preparation. The key focus in delivery is to improve provincial delivery management capacity, including dealing with inadequate contracting and project management resulting in time and cost overruns in departments, public entities and implementing agents. The value for money on projects delivered needs to be optimized thus ensuring that service delivery to the communities is optimal.

This will continue to be managed and strengthened through Infrastructure coordination, monitoring and support by creating a line of sight that includes Provincial Treasury, Public Works and Infrastructure and the Office of the Premier. This model allocates

three technical streams i.e. Budget Monitoring led by the Provincial Treasury, Project Monitoring and Implementation led by the Department of Public Works and Infrastructure and Service Delivery Monitoring and Site Visits led by the Office of the Premier.

Addressing Inefficiencies in the System

Honourable Members, given the state of our finances, we are losing millions of rands because of many inefficiencies that are found in the system, especially in infrastructure project implementation. These are mostly attributable to challenges related to the shortage of portfolio, program, project and contract management skills both as related to planning and implementation capacity, which has led to projects not being completed on time, with the appropriate costs and quality.

There are a number of projects that show zero spending as at January 2025. Variation orders are creating huge fiscal challenges for us as they lead to budget overruns. The underperformance of contractors which lead to cancelation of contracts add to the challenges we have.

Supporting Growth Frontiers

At micro and sector levels of our economy, Honourable Speaker, we are determined to streamline and direct government support towards cost-effective regulatory reforms and growth frontiers that foster transformative development, targeting agriculture commodity value chains, high-growth manufacturing subsectors, tourism and digital economy. The Department of Agriculture has been allocated an amount of R2.5 billion in the 2025/26 financial year and R8 billion over the 2025 MTEF for food security and producer support services. The focus, in the main, will be on the development and transformation of provincial agricultural value chains to accommodate subsistence and emerging farmers develop into commercial entities whilst promoting food security. Smallholder farmers will be supported

to increase their productivity, competitiveness, and gain market access. The value chains targeted include grain, red meat, citrus, pineapple, deciduous, cannabis/hemp, forestry, dairy, wool, poultry, aquaculture, and fisheries.

For tourism development as another growth frontier, we are allocating an additional funding to the tune of R45.4 million in 2025/26 and R78 million over the 2025 MTEF to ECPTA to improve the province's tourism offering, biodiversity and conservation efforts. Bulk of this budget will go towards access roads upgrade, fencing of reserves and maintenance of tourist accommodation in order to boost tourism.

The ECPTA has managed to attract additional funding from other organs of state to the amount of R50.9 million in 2025/26 and R154.560 million over the MTEF.

We always encourage public entities to go out and mobilise funding from external funders and not rely on what the province receives from national government. By their own essence of existence, public entities are supposed to be assisting government by bringing investments and raise our economic prospects.

Honourable Speaker, we have observed a huge growth in the Film Industry in recent years, having invested a total of R43.1 million for film development in the province since 2018/19. The ECDC through its Film fund has managed to attract external investment funding to the value of R521.7 million and created 9 020 temporary jobs, with 696 SMMEs benefiting across various sectors including hospitality, retail, transport, security and clothing sectors. These films have been produced and hosted in all the various districts within the Eastern Cape.

To continue supporting and investing in the film development, the provincial government has allocated an amount of R15 million in 2025/26 and R54 million over the 2025 MTEF to ECDC, and R15.6 million over the MTEF to ECPACC towards film skills development.

Support to MSMEs

Honourable Speaker, Micro, Small and Medium Enterprises (MSME) support remains one of the key focus areas of this government. We have prioritised this sector as critical for job creation, entrepreneurship and broader economic development. This is the sentiment that was shared by many people who sent us tips for the budget speech.

In this regard, the Department of Economic Development, Environmental Affairs and Tourism has therefore been allocated an amount of R1.8 billion in the 2025/26 financial year and R6.1 billion over the 2025 MTEF, to coordinate business support initiatives and other economic development initiatives, working together with its entities.

An additional budget of R89 million in 2025/26 and R296 million over the 2025 MTEF has been allocated to ECDC to recapitalise some of its key business support programmes, which include Economic Development Fund, MSME Support Recapitalisation, Film and Local Government Trade & Investment promotion.

Honourable Speaker, we take pride at the fact that the Eastern Cape is home to various large Original Equipment Manufacturers (OEMs). The automotive industry in the province is a key economic driver in terms of vehicle production and exports as almost half of the national motor vehicle exports originates from the province.

I want to take this opportunity to congratulate Mr. Billy Tom, the President of ISUZU, for his recent appointment as the Chairperson of the Automotive Industry Transformation Fund.

Honourable Speaker, you will recall during the Medium-Term Budget Policy Statement in November last year, I committed in this House to provide funding in the main budget for capacitation of aftermarket MSMEs in the auto sector and related services so they can grow to the levels of accessing the government fleet contract expenditure. I am excited to announce that the AIDC-EC has been allocated R20.4 million in 2025/26 financial year to provide financial support for tools and equipment that will promote market access for MSMEs in the automotive sector.

Honourable Speaker, AIDC-EC has been chasing the hosting of industry events for the past 3 years. We are happy now that they have secured hosting rights for the NAACAM show 2025 which will be staged in Gqeberha in August later this year. We have allocated them R7 million to host the show, which we believe will have significant impact on local component suppliers. The show will provide an opportunity for automotive suppliers in the province to network with international component suppliers to expand their business interests. Also, this show provides an opportune moment for a collaboration effort between AIDC-EC and ECPTA to showcase Eastern Cape tourism products to our investors.

I must add, Honourable Speaker, that in the provincial total budget for 2025/26, R19 billion is set aside for goods and services, where our MSMEs are set to also benefit. This allocation will rise to R57.8 billion over the MTEF. Of that amount, R14.6 billion is earmarked for youth, women and people with disabilities.

Initiatives To Support Youth

Honourable Speaker, we are aware of the employment and skills challenges that our youth face every day. Whilst several economic development programmes and business support programmes are open to youth beneficiation, this government has initiated other programmes that are tailor-made to respond to the challenge of youth unemployment in the province and provide new opportunities and multiple pathways to improve their skills and be productive in the labour market.

Through our public employment programmes, we are targeting to create 492 276 expanded public works opportunities and 36 000 community work. The Presidential Youth Employment Initiative is targeting to employ 6400 young people within the Department of Education as educator assistants with a budget of R165.6 million in the 2025/26 financial year.

Through the agriculture commercialisation projects that I mentioned earlier, we are targeting to create 22 730 job opportunities specifically for the youth. For infrastructure and targeted high growth sectors such as manufacturing and services, 13 004 jobs will be created over the medium term.

Skills development for economic sector growth frontier will be delivered through bursaries, internships, learnership and artisan programmes for the youth.

Leveraging Public Procurement to Promote Economic Growth

Honourable Speaker, we are investing resources towards enhancing and sharpening procurement systems to achieve government's broader socio-economic objectives and effective service delivery.

The automation of procurement is now a legislated requirement as provided for in the new Public Procurement Act. To this end, the National Treasury is leading the process of automating the procurement planning, bidding processes and contract management, amongst other aspects of procurement. The module for the invitation, evaluation and award of quotations has been developed and is currently being piloted. This module will ensure that the processes will be managed completely on an electronic platform ensuring speedy turnaround times, integrity of the process, and rotation of suppliers amongst other efficiencies. The days of using procurement as an excuse for our inefficiencies and inept service delivery will soon be a thing of the past.

Importantly Madam Speaker, the Act give impetus to the Local Economic Development Procurement Framework implemented by the Eastern Cape Provincial Government since 2016. It makes provision for setting aside or ringfencing of procurement for certain categories of persons, which include women, youth, people with disabilities and cooperatives within a geographical area to provide for the protection and advancement of persons historically disadvantaged by unfair discrimination.

This provision addresses the challenge of sourcing goods and services from suppliers who are based outside the province whereas these goods and services can be procured within the province. This presents an opportunity for local suppliers and the business

fraternity to work closely with the Provincial Government to identify commodities that can be produced and supplied within the province. Such collaboration will ultimately create job opportunities and inevitably reduce unemployment and poverty currently plaguing the province. At the end, this will enable the province to reach the 60% target that is set for beneficiation of local suppliers in goods and services budget.

The National Treasury, in collaboration with provincial treasuries and other stakeholders, is currently in the process of developing the regulations to the Act. The regulations provide a framework for the practical implementation of the Act.

SOCIAL PROTECTION, COMMUNITY AND HUMAN DEVELOPMENT

Honourable Speaker, provincial government continues to put a large chunk of our budget towards achieving universal quality basic education, universal health coverage, and expanded access to social and community safety nets.

Education

Many budget tips we received from the public asked us to consider more funding to the Department of Education for employment of more teachers. I must highlight Honourable Speaker that the province is funding the department to the tune of 49.2% of our total budget in this year. This is 1.2 percentage point more than what the funding norms and equitable share formula dictates.

As such, we have allocated the education sector R44.6 billion in 2025/26 and R138.8 billion over the 2025 MTEF to continue with the improvement of education outcomes.

To ensure stability in learning and teaching, Education in consultation with Provincial Treasury has ensured multiyear declaration of post provision norm, taking into consideration affordability levels. In this regard, an amount of R31.7 billion in 2025/26 and R98.7 billion over the MTEF has been set aside for the post provision norm. This investment will see a total of 52 817 declared educator head count maintained.

It is important to note that the provincial government has fully funded the norms and standards on par to the national learner rate across all quintile levels. In this regard, an amount of R2.6 billion in 2025/26 and an amount of R8.3 billion over the MTEF has been set aside as a funding towards quintiles from 1 to 5. This funding will ensure that adequate resources are provided at schools, including teaching and learning materials amongst other things.

With regards to the National School Nutrition Programme which is implemented through a decentralised model and seeks to provide nutritious meals to enhance learning capacity to all learners in public ordinary schools and targeted special schools, we have set aside an amount of R1.8 billion in 2025/26 and R5.6 billion over the MTEF.

For scholar transport, an amount of R794 million has been set aside in 2025/26 and R2.5 billion over the MTEF. This fund is made available through the Department of Transport to ferry qualifying learners who travel over 5 kilometres to their nearest quintile 1 to 3 schools. Whilst on this issue Madam Speaker, it is important to highlight that the Department of Transport has been requested to promote efficiencies in running this programme, which includes implementation of both an electronic system and a new rate card.

The education sector has been tasked with delivering on inclusive Early Childhood Development (ECD) and learner attainment as the two cluster priorities over the 2025 medium term. The ECD

sector will be funded and supported by the provincial Department of Education through an allocation of R1.2 billion in 2025/26 and R3.9 billion over the METF. We are also allocating R267.3 million in 2025/26 and R838.6 over the MTEF for implementation of the Learner Attainment Improvement Strategy. This is the investment that we are putting specifically for curriculum teacher support and learner support programmes to improve matric results. It targets various underperforming districts in the province.

Health

Honourable Speaker, we are allocating to the Department of Health an amount of R31.6 billion in the 2025/26 financial year and R97 billion over the 2025 MTEF to support the equitable provision of public health services in the province.

To continue with the provision of essential medical supplies and medicines at clinics and hospitals, we have set aside an amount of R2.4 billion in 2025/26 and R10.2 billion over the MTEF.

To address critical staff shortages within the sector, the province will employ about 1510 doctors and nurses at a cost of R1 billion in 2025/26 and R3.2 billion over the MTEF.

The province will strengthen the rollout of the community outreach programmes through ward based primary healthcare to provide effective response to HIV/AIDS, TB and Cervical Cancer patients for girls between 9 and 14 years of age with a budget amounting to R3.1 billion in 2025/26 and R9.7 billion over the MTEF.

For the rollout of the National Health Insurance (NHI) programme, we have set aside an amount of R64.9 million in 2025/26 and R199.4 million over the MTEF. The development and implementation of the

NHI is the pathway that the Country has chosen to attain Universal Health Coverage. The implementation phase of the NHI has been extended to 2026.

Social Development

Madam Speaker, the province continues to resource programmes that are aimed at achieving social cohesion amid Gender Based Violence, the high rate of crime and other social ills.

Honourable Speaker, we are allocating R3.1 billion in 2025/26 and R9.6 billion over the MTEF to the Department of Social Development to fight gender-based violence, develop and implement social crime prevention programmes.

Community Safety

We are also allocating R155.3 million in 2025/26 and R467.5 million over the MTEF to the Department of Community Safety to promote safety programmes and overseeing the effectiveness and efficiency of the police service. This funding will also go towards enhancing community participation and structures against crime and to promote good relations between the police and the community.

Sports, Recreation, Arts and Culture

Honourable Speaker, sports, recreation, arts and cultural activities play a huge role in uplifting the social aspect in communities as much as it does on the economic aspect. To support this course, we are allocating R1 billion in 2025/26 and R3.3 billion over the MTEF to the Department of Sports, Recreation, Arts and Culture. This allocation will also be used to improve the quality of life of all the people of the Eastern Cape through the development, transformation and promotion of sustainable sport and recreation programmes,

including school sports that will lead to increased participation and global competitiveness of sports persons. It will also be used to develop, transform and promote arts and culture, museums heritage and language services to contribute towards government priorities.

Food Security

Honourable Speaker, through this budget, provincial government will strive to fight challenges of food security and malnutrition in the province. To support household food production, the Eastern Cape government is implementing a Food Security Programme informed by the recommendations of the National Food and Nutrition Security Survey of 2024 as well as the research and advocacy work done by the South African Human Rights Commission in the province on the state of child and malnutrition in the Eastern Cape.

As part of the food security programme, the provincial Department of Agriculture plans to localise a large share of the formal and informal agricultural food value chains to increase access to nutritious food for households and rural communities.

For the food security programme, R269.2 million has been budgeted for 2025/26 and R843.7 over the MTEF.

Honourable Speaker, in addressing challenges that relate to the demand side of food security, which are mostly related to high food prices and the lack of adequate and accessible food markets, the province will be upscaling the rollout of various social assistance and food relief programmes targeting the most vulnerable households in the province. A total provincial budget of R75 million for food relief support initiatives has been set aside over the 2025 MTEF.

Sanitary Dignity Programme

Honourable Speaker, in light of pursuing provincial development goal of social cohesion, the provincial government is committed to continue ensuring that all young girls maintain a high level of hygiene and are encouraged to attend school regularly through the implementation of the Sanitary Dignity Programme. Through the coordinated efforts of relevant departments such as the Department of Social Development, Health, Education and the Office of The Premier, the programme targets to reach over 99 000 young girls by 2030. A budget of R42 million over the 2025 MTEF is set aside to ensure that beneficiaries continue to benefit from this very important programme, which seeks to maintain the dignity of young people as they navigate life and attain relevant skills for a brighter future.

STRENGTHENING STATE CAPACITY, GOVERNANCE AND ACCOUNTABILITY

Honourable Speaker, provincial government is engaged in several programmes that are aimed at enhancing the capacity of the state to deliver services. This include setting up digital and ICT infrastructure in government sites and providing office space that is conducive to work environment.

The provincial government has since been rolling out provincial broadband infrastructure targeting 2 700 government sites. To date 1 975 sites have been connected which include 1 357 education facilities, 363 health institutions, 152 government offices and 363 libraries. To drive this programme to completion, we are setting aside an amount of R452 million in 2025/26 financial year and R1.2 billion over the MTEF through the Office of the Premier. This allocation is being invested towards digitalization of government systems with the intention to enhance and improve service delivery.

Over and above this, the Department of Education has plans to implement a broadband project wherein all schools have LAN Infrastructure, ICT support and Cyber Security at a cost of R160 million, R120 million and R200 million respectively funded over the next three years.

The Department of Health will implement the upgrading of its health care facilities through implementation of HMS2 Phase 1 and 2 as well as EOL ICT Infrastructure replacement with a total budget allocation of R119 million over the 2025 MTEF.

For conducive office space, the Department of Public Works and Infrastructure is constructing new office clusters at EmaXesibeni with a budget of R60.2 million over the 2025 MTEF. We are also building new offices in Mqanduli, and we have set aside a budget of R54 million over the MTEF.

Public Works and Infrastructure is now reaching to phase 3 of the construction of the Makhanda Artisan Development Centre in the Sarah Baartman District. The Makhanda Artisan Development Centre is a pivotal initiative established to address the growing demand for skilled professionals in the built environment sector. The Centre aims to provide comprehensive training and development programs that align with industry needs and contribute to regional socio-economic growth. An amount of R22.5 million has been set aside for this project over the 2025 MTEF.

These initiatives will assist in professionalising the public service and strengthen government systems in driving service delivery.

We are increasing our focus on the serious issue of officials extorting cash from accommodation establishments by tightening up the

policies and the processes for travel agents, as well as investigating every case that is reported. Such conduct has no place in government as we continue to professionalise for a capable state.

Honourable Speaker, we will use this budget to support oversight institutions that promote governance, transparency, and accountability in the province. We are allocating R750.5 million in 2025/26 and R2.1 billion over the MTEF to the Provincial Legislature to exercise their oversight function over the Provincial Executive Council and other provincial executive organs of state. This includes additional allocation of R16 million for upgrading of ICT infrastructure to enhance utilisation of virtual platforms in the House and R10 million as part of transfers to political parties in 2025/26. In supporting the Legislature to carry out their work in terms of law making, oversight of the province as well as taking the legislature to the people, we have allocated them close to R5 million in 2025/26 and over R15 million over the MTEF. We have committed the Provincial Treasury to work with Provincial Legislature towards validating their organogram structure costing.

Honourable Speaker, we are allocating an amount of R1.1 billion in 2025/26 and R3.5 billion over the 2025 MTEF to the Department of Cooperative Governance and Traditional Affairs to provide municipal support, traditional leadership support and disaster management amongst other things.

Provincial Treasury is allocated an amount of R519.1 million in 2025/26 and R1.5 billion over the 2025 MTEF to continue to support provincial departments and municipalities in order to ensure sound financial and resource management.

The provincial government is working hard to improve the performance of departments of Health and Education to have the two departments

in higher levels of functionality in terms of service delivery. We would remember that in the State of Provincial Address, Hon Premier highlighted successes we are making on matric performance and inroads in the reduction of medico-legal claims, where we have moved the annual expenditure from about R1 billion in 2020/21 to an average of R300 million between 2022 and 2024. This is in no small measure. This is a result of the hard work we are putting through the special litigation unit by the Office of The Premier and Medico-Legal Investigation Unit by Treasury. Saving money from the medico-legal claims means more money is spent on public health services such as medicines and employment of medical practitioners. We will continue to explore opportunities to save money in other areas so that we mitigate the risks of negative fiscal outlook by protecting the non-negotiables.

As for medico-legal frauds, our collaboration efforts with the Legal Practice Council, the National Prosecuting Authority and the SIU are starting to bear fruit. Complaints have been laid with the Legal Practice Council against 25 different law firms, covering 73 different medical negligence claims and payments totalling R1.2 billion.

Looking at the General Report by the Auditor General, Honourable Speaker, we improved our position in the number of entities with unqualified audit for the MFMA institutions for 2023/24. There is an overall improvement in the number of clean audits, as the green bar is becoming bigger in each year. We started off with two clean audits in 2019/20 financial year to six audits in 2023/24 financial year. We wish to congratulate Umzimvubu, Alfred Ndzo, and Amahlathi for improving to clean audit.

CONCLUSION

Honourable Speaker, our aim today was to bring the message of hope to our people, a message that says we are putting strategies in place to support economic growth and job creation, whilst providing support to the poor and vulnerable and protecting front-line services.

We also brought a message of appeal to all public representatives and officials, to act with compassion and integrity when handling public resources. If we abide by the principles of this budget, the 7th administration will transition to the 8th administration in five years with ease. Five years may seem short, but if we remain committed to our course and place efficiency and effectiveness at the top of our values, service delivery will improve, jobs will be created, businesses will flourish, and we shall regain confidence and trust of the citizens.

I wish to take this opportunity and thank Premier Mabuyane for his continued guidance and support, the Members of the Executive for their support and the Legislature, led by you Honourable Speaker, for the oversight.

I also wish to thank the Head of Department for Treasury, the executive management, and the entire Treasury team for standing firm and providing necessary support during these trying times.

Lastly, I wish to thank all our stakeholders and all people of the Eastern Cape for support and trusting us with this responsibility of managing the province's finances.

Honourable Speaker, it is with great honour and privilege that I table before this Esteemed House:

- The 2025 Estimates of the Provincial Revenue and Expenditure
- The 2025 Estimates of the Provincial Entities Revenue and Expenditure
- The 2025 Appropriation Bill; and
- The 2025 Gazette

Honourable Speaker below is the summary of provincial budget allocations for the 2025/26 financial year.

I thank you.

APPROPRIATION BILL 2025 (EASTERN CAPE)

VOTE	DEPARTMENT	AMOUNT R'000
1	Office of the Premier	1 519 072
2	Provincial Legislature	750 510
3	Health	31 652 682
4	Social Development	3 115 648
5	Public Works and Infrastructure	2 654 227
6	Education	44 636 479
7	Co-operative Governance and Traditional Affairs	1 165 720
8	Agriculture	2 577 809
9	Economic Development, Environmental Affairs and Tourism	1 815 756
10	Transport	5 989 575
11	Human Settlements	2 369 842
12	Provincial Treasury	519 185
14	Sport, Recreation, Arts and Culture	1 079 768
15	Community Safety	153 975
Total		100 000 248

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CONTACT INFORMATION

Private Bag X0029, Bhisho, 5605

Telephone 040 101 0157

nomawethu.skoti@ectreasury.gov.za

www.ectreasury.gov.za

